

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **September 24, 2002**

AGENDA ITEM NO.: **4**

CONSENT:

REGULAR: **X**

CLOSED SESSION:

ACTION: **X**

INFORMATION:

(Confidential)

ITEM TITLE: **Public Hearing Regarding Lease Addendum with Airport Fixed Base Operator**

RECOMMENDATION:

Approve a fixed base operator (FBO) lease addendum and authorize the City Manager to execute the agreement on behalf of the City.

SUMMARY:

The construction of the new General Aviation terminal at Lynchburg Regional Airport, approved by City Council on December 11, 2001, is scheduled for completion in late September 2002 and is expected to be ready for occupancy by late October. Under the terms of the existing lease agreement with the airport's full-service FBO, Virginia Aviation, once the facility was completed the City and Virginia Aviation would negotiate mutually agreeable terms for the use of the facility. Accordingly, in early August 2001 negotiations were initiated between the airport manager and Virginia Aviation. Following those negotiations, the two parties successfully reached an agreement that stipulated that Virginia Aviation could use office space rent-free in exchange for managing the entire building, including paying all utilities and providing routine interior maintenance, custodial services, security and snow removal.

There is a statutory requirement for a public hearing prior to leasing City property.

PRIOR ACTION(S):

Airport Commission review and approval August 19, 2002 of recommendation to Council to approve.

FISCAL IMPACT:

None. FOB lease space in the facility will be rent-free in exchange for FBO responsibility for management of the entire facility.

CONTACT(S): Mark F. Courtney 582-1150 extension 222 Airport Manager

ATTACHMENT(S):

- 1) Lease Addendum
- 2) Leased premises drawing
- 3) Resolution

REVIEWED BY: lkp

RESOLUTION

BE IT RESOLVED That the Lynchburg City Council approves an Addendum to Agreement by and between the City of Lynchburg and Aviation Resources, Inc. (d.b.a. Virginia Aviation) for lease of certain non-public space in the newly constructed General Aviation Terminal Building; and,

BE IT FURTHER RESOLVED That Aviation Resources, Inc. shall oversee and manage the remainder of the General Aviation Terminal Building for the purpose of providing aviation services to the general aviation community and for the benefit of the general public; and,

BE IT FURTHER RESOLVED That the City Manager is authorized to execute the lease amendment.

Adopted:

Certified:

Clerk of Council

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This Addendum to Agreement entered into this 1st day of October, 2002, by and between the **City of Lynchburg**, a municipal corporation of the Commonwealth of Virginia (the "City") and **Aviation Resources, Inc.**, a Virginia corporation, doing business as Virginia Aviation, (the "Lessee").

WITNESSETH:

WHEREAS, the City owns and operates the Lynchburg Regional Airport, located in Campbell County, Virginia, and from time to time deems it necessary to select a Fixed Base Operator ("FBO") to provide for the service and maintenance of aircraft, flight instruction, fuel sale and other services related to the support of general aviation and commercial aircraft activities at the Lynchburg Regional Airport; and,

WHEREAS, the parties hereto did enter into an Lease of Property: Fixed Base Operator Agreement ("FBO Agreement") dated July 1, 1999, wherein the City selected the Lessee to serve as the FBO for the Lynchburg Regional Airport for an initial term of five (5) years beginning on July 1, 1999 and ending on June 30, 2004, unless said term shall be sooner terminated as provided in the FBO Agreement, with the City and the Lessee having the option to extend the Agreement for a second five (5) year term, upon such conditions as are mutually acceptable to them; and,

WHEREAS, the City recently finished constructing a new General Aviation Terminal Building at the Lynchburg Regional Airport to enhance general aviation services at the Airport; and,

WHEREAS, it was anticipated as part of the July 1, 1999 FBO Agreement that the City would negotiate with the Lessee for the use of the General Aviation Terminal Building and,

WHEREAS, the City and the Lessee wish to extend the scope of the July 1, 1999 FBO Agreement to allow the Lessee to rent the non-public-use, revenue-producing space in the General Aviation Terminal Building for the Lessee's FBO activities and to allow the Lessee to manage the remainder of the General Aviation Terminal Building for the benefit of the general aviation community and the general public.

NOW, THEREFORE, WITNESSETH, that for and in consideration of the premises and the mutual promises and covenants contained herein the City and the Lessee do hereby mutually agree to amend the July 1, 1999 FBO Agreement as follows:

- (1) ARTICLE III-AIRPORT PROPERTY TO BE LEASED AND USED BY THE LESSEE of the July 1, 1999 FBO Agreement is hereby amended to include those areas in the General Aviation Terminal Building designated as the "FBO Office" consisting of 365 square feet and the "Lease Space" consisting of 233 square feet which areas are identified and outlined in yellow on "Exhibit I" which is attached to and make a part of this Addendum To Agreement. The Lessee may use these spaces for the purpose of furnishing FBO services at the Lynchburg Regional Airport as provided in the July 1, 1999 FBO Agreement.

- (2) The Lessee agrees to oversee and manage the remainder of the General Aviation Terminal Building for the purpose of providing aviation services for the general aviation community and for the benefit of the general public.

In return for Lessee overseeing and managing the General Aviation Terminal Building, the City agrees not to assess any rent for spaces leased under paragraph (1) of this Addendum to Lease, nor increase Lessee's base rent under the July 1, 1999 FBO Agreement.

- (3) The Lessee, at its sole cost and expense, will be responsible for the payment of all of the utility bills for the General Aviation Terminal Building; will perform all interior routine and preventive maintenance on the Building; will provide all of the electronic equipment i.e. icemakers, microwave ovens, refrigerators, televisions, etc.) necessary for the operation of the General Aviation Terminal Building; will be responsible for parking lot snow removal; will provide all custodial and cleaning services for the General Aviation Terminal Building and will stock the Building with the necessary paper products and other needed supplies; and, will provide all fire alarm monitoring functions necessary for the Building.

Following the completion of the General Aviation Terminal Building's one-year warranty period, the Lessee shall obtain preventive service contracts for regular maintenance of the building's HVAC, fire alarm, sprinkler systems and other utility equipment. The City shall have the right to develop a maintenance schedule for the Building (and to modify such schedule from time to time) that the Lessee shall follow to preserve the premises and keep it in a safe condition. In addition to the maintenance provisions contained in this Addendum to Agreement the Lessee shall comply with all of the maintenance provisions contained in July 1, 1999 FBO Agreement.

- (4) The Lessee will cover the General Aviation Terminal Building under the general liability insurance it is obligated to provide pursuant to ARTICLE VIII-INDEMNITY AND INSURANCE of the July 1, 1999 FBO Agreement. The City will provide the casualty insurance for the General Aviation Terminal Building.
- (5) This Addendum to Agreement will begin on October 1, 2002, and unless terminated as provided in the July 1, 1999 FBO Agreement, will continue through June 30, 2004. At the end of the initial term the parties have the option of extending this Addendum upon such terms as are mutually acceptable to them.
- (6) Except as modified herein, all of the terms and conditions set

forth in the original July 1, 1999 FBO Agreement will remain in full force and effect and shall apply to this Addendum.

IN WITNESS WHEREOF the City of Lynchburg and Aviation Resources, Inc. have caused this Addendum to Agreement to be executed on the day and year set forth above.

CITY OF LYNCHBURG

By _____
L. Kimball Payne, City Manager

Aviation Resources, Inc.

By _____
James A. Lampman,
Senior Vice President, Director of Operations

SQUARE FOOTAGE ANALYSIS

| | |
|--------------------------|-------------|
| TOTAL SQ FTG: | 4,465 SQ FT |
| TOTAL CIRC SQ FTG: | 1,339 SQ FT |
| TOTAL PUBLIC SQ FTG: | 3,752 SQ FT |
| TOTAL NON-PUBLIC SQ FTG: | 713 SQ FT |
| PUBLIC SQ FTG, PRCNT: | 84 % |

NON-PUBLIC SQUARE FOOTAGE

| | |
|-----------------|-----------|
| CONFERENCE ROOM | 50 SQ FT |
| MECHANICAL ROOM | 28 SQ FT |
| LEASE SPACE | 233 SQ FT |
| FBO OFFICE | 362 SQ FT |
| CIRCULATION | 40 SQ FT |
| TOTAL: | 713 SQ FT |

